

M e m o r a n d u m

Date: July 17, 2009

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF SAN BERNARDINO AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* § 2020, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2008 Command Audit Report of San Bernardino Area. The audit focused on the command's cash receipts, contracts, evidence, purchasing, reimbursable service contracts, advanced payments for predetermined services, asset forfeiture, and fleet operations.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The San Bernardino Area agreed with some of the findings and plans to take corrective action to improve its operations. However, the San Bernardino Area disagrees with five of the findings. The Office of Inspections upon further review agreed with the command on one issue, regarding a non emergency contract that was signed after the contract start date, and removed the finding. The other four findings remain in the final report with auditor comments at the end of the report. The command is now required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Inland Division; and the San Bernardino Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code 6250 et seq. Furthermore, in accordance with the

Safety, Service, and Security

Office of the Commissioner

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Governor's Executive Order S-08-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank San Bernardino Area's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.


M. C. A. SANTIAGO
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Office of Legal Affairs
Inland Division
San Bernardino Area
Office of Inspections

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF SAN BERNARDINO AREA

OFFICE OF INSPECTIONS, AUDITS UNIT

JULY 17, 2009

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2008 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Inland Division selected the San Bernardino Area.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of the 2007-2008 fiscal year.

Based on the review of the San Bernardino Area's operations, this audit revealed it has complied with most operational policies. However, some weaknesses were observed. The following is a summary of the identified weaknesses:

Cash Receipts

- The command did not replenish their petty cash fund monthly when receipts totaled more than \$10; or at a minimum, at least quarterly.
- The command did not perform surprise/unscheduled reconciliations of their petty cash fund.
- Some money order purchases were made after the weekly Cash Transmittal Record was prepared and approved by the commander.

Contracts

- The command did not always maintain the Drug Free Workplace Certification, STD. 21, and Payee Data Record, STD. 204, forms for their X-number contract files.

Evidence

- The court officer did not provided adjudicated court records to the command's evidence officer within the required time frame.
- The command did not identify a storage facility located outside the Area office or evidence room nor did it make other arrangements to store flammable or explosive evidence.

Purchasing

- The command did not always maintain all of their purchase order files.
- The command did not prepare or retain the authorization memorandum which names specific command personnel authorized to sign the Purchase Requisition, CHP 43.

Reimbursable Service Contracts

- The command did not prepare the Incident Response Reimbursement Statements, CHP 735, and corresponding Daily Field Activity, CHP 415, forms properly.

Fleet Operations

- The command did not always retain each quarter's physical inventory records for all parts, accessories, and fluids on hand.

Please refer to the Findings and Recommendations section for detailed information.

Auditor's note: The San Bernardino Area does not maintain or handle the following: advance payments for predetermined services, asset forfeiture, and special driver clearance certificates.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Inland Division selected the San Bernardino Area.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of the 2007-2008 fiscal year. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from December 8 - 12, 2008.

METHODOLOGY

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The Inland Division commander selected fleet operations. When preparing for the audit, and due to limited auditing resources, reimbursable service contracts was reduced to an examination of the Driving Under the Influence (DUI) Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

OVERVIEW

Cash Receipts: Cash receipts appear to be processed according to departmental policy, but could be improved. It was determined policies and procedures are in place to ensure collection and safeguarding of cash receipts; separation of duties exist to ensure cash assets are adequately safeguarded; and cash receipts are correctly recorded and accountability is maintained. However, based on a review of the Petty Cash Reimbursement Request, CHP 264, forms, the petty cash fund was not replenished monthly when receipts totaled more than \$10; or at a minimum, at least quarterly. Additionally, surprise/unannounced audits were not being conducted of the command's petty cash fund. Furthermore, the command purchased some money orders subsequent to the preparation and approval of the weekly Cash Transmittal Records by the commander.

Contracts: Contracts appear to be processed according to departmental policy, but some weaknesses were present. The command did not always maintain the Drug Free Workplace Certification, STD. 21, and Payee Data Record, STD. 204, forms for their X-number contract files.

Evidence: Evidence appears to be processed according to departmental policy, but weaknesses were present. The court officer did not provided adjudicated court records to the command's evidence officer within the required time frame. Additionally, the command did not identify a storage facility located outside the Area office or evidence room nor did it make other arrangements to store flammable or explosive evidence.

Purchasing: Purchases appear to be processed according to departmental policy, but could be improved. The command did not always maintain all of their purchase order files. Additionally, the command did not prepare or retain the authorization memorandum which names specific command personnel authorized to sign the Purchase Requisition, CHP 43. However, the commander proactively rectified this finding by issuing a memorandum authorizing specific command staff to sign purchase requisitions and provided a copy of this memorandum to the auditor.

Reimbursable Service Contracts: The command's reimbursable service contracts (DUI Cost Recovery Program) could be improved. The command did not prepare the Incident Response Reimbursement Statements, CHP 735, and corresponding Daily Field Activity, CHP 415, forms properly.

Advance Payments for Predetermine Services: The command does not handle or maintain advance payments for predetermined services.

Asset Forfeiture: The command does not handle or maintain asset forfeitures.

Fleet Operations: Fleet operations appear to be processed according to departmental policy, but could be improved. The command did not always retain each quarter's physical inventory records for all parts, accessories, and fluids on hand.

This audit revealed the command has adequate operations, nevertheless, weaknesses were discovered, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the

command's compliance with appropriate laws, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

CASH RECEIPTS

FINDING 1: **The command did not replenish their petty cash fund monthly when receipts totaled more than \$10; or at a minimum, at least quarterly.**

Condition: Based on a review of two Reimbursement – Petty Cash Request forms, CHP 264, for January to February 2008 and April to June 2008, the command should have submitted four Reimbursement – Petty Cash Request form, CHP 264.

Criteria: Highway Patrol Manual (HPM) 11.2, Materials Management Manual, Chapter 2, Change Funds and Petty Cash, paragraph 11.a. states, “Request for Reimbursement. A list of receipts and/or STD. 439s shall be prepared in triplicate on CHP 264 at least monthly if over \$10.00, quarterly if under \$10.00, and on June 30 of each fiscal year.”

Recommendation: The command should comply with the departmental policy for petty cash replenishment.

FINDING 2: **The command did not perform surprise/unannounced audits of their petty cash fund.**

Condition: During the audit period, two quarterly surprise/unannounced audits of the petty cash fund should have been completed by the Area. However, the command did not perform nor did it provide evidence either of these surprise/unannounced audits had been conducted.

Criteria: HPM 11.2, Materials Management Manual, Chapter 2, Change Funds and Petty Cash, paragraph 10.a. states, “Total Fund. The total amount of cash, receipts on hand, and receipts in transit must equal the total fund at all times. The commander shall designate someone to periodically audit the fund and conduct surprise audits on a quarterly basis.”

Recommendation: Although no signs of petty cash fund discrepancies (missing funds) were noted, the command should comply with the departmental policy regarding quarterly surprise/unannounced audits of their petty cash fund.

FINDING 3: **Some money order purchases were made after the weekly Cash Transmittal Record was prepared and approved by the commander.**

Condition: There were twenty-five Cash Transmittal Records for the audit period, a review of ten revealed five Cash Transmittal Records had money orders purchased after the weekly Cash Transmittal Record was prepared and approved by the commander.

Criteria: HPM 11.1, Administrative Procedures Manual, Chapter 4, Cash Miscellaneous Sales – Transmittal of Collections, paragraph 11.h. states, “Verification. A verification shall be performed to ensure that checks, money orders, and counter receipts have been properly prepared and that the transmittal is signed by the commander.”

Recommendation: The command should follow departmental policy and perform a verification that transmittal records are complete, including verifying all checks and money orders are present, before being approved by the commander.

CONTRACTS

FINDING 1: **The command did not did maintain the Drug Free Workplace Certification, STD. 21, and Payee Data Record, STD. 204, forms for their X-number contract files.**

Condition: Nine of the 16 X-number contract files reviewed did not contain the Drug Free Workplace Certification, STD. 21, and/or the Payee Data Record, STD. 204.

Criteria: HPM 11.1, Administrative Procedures Manual, Chapter 23, X Number Service Orders, paragraph 4.f. states, “The original STD. 21 Drug-Free Workplace Certification, and a copy of the STD. 204, Payee Data Record, should be retained in the originating command files for audit purposes.”

Recommendation: The command should comply with departmental policy by maintaining complete X-number contract files.

EVIDENCE

FINDING 1: **The court officer did not provided adjudicated court records to the command's evidence officer within the required time frame.**

Condition: Understanding hardships created by the Area's local courts, adjudicated court records were not being provided within two days by the court officer to the command's evidence officer.

Criteria: HPM 70.1, Evidence Manual, Chapter 9, Disposal of Evidence and Property, paragraph 2.d. states, "Adjudication Records. Adjudication records shall be forwarded to the Evidence Officer within two working days of receipt by the Court Officer."

Recommendation: In order to comply with policy, the court officer should forward the adjudicated court records to the command's evidence officer within two days of receipt.

FINDING 2: **The command did not identify a storage facility located outside the Area office or evidence room nor did it make other arrangements to store flammable or explosive evidence.**

Condition: The command maintains an evidence room within the facility. However, there was no storage facility located outside the Area office or evidence room nor were written procedures in place regarding the storage of flammable or explosive evidence of the command.

Criteria: HPM 70.1, Evidence Manual, Chapter 5, Packaging of Evidence for Booking, paragraph 2.c. states, "Flammables and Explosives. Flammables and explosives shall be stored outside the Area office and evidence room in a locked area. Arrangements may be made with an allied agency capable of storing the material, e.g., a fire department or bomb squad. It is preferable to utilize external resources to avoid storage of hazardous materials at a CHP facility."

Recommendation: The command should identify a locked storage or facility location outside of the Area office or evidence room or make other arrangements to store flammable or explosive evidence. The procedure should be documented in the command's Standard Operating Procedure.

PURCHASING

FINDING 1: **The command did not always maintain all of their purchase order files.**

Condition: Two of 10 command purchase order files selected for audit were not available for review. The other eight command purchase order files were compliant.

Criteria: Highway Patrol Records Retention Schedule dated April 20, 2006, states in part, "CHP 43 Purchase Requisition (Originating Office Retention) is to be retained for the current year plus three years is to be retained with the purchase order."

Recommendation: The command should maintain all purchase order files in accordance with departmental policy.

FINDING 2: **The command did not prepare or retain the authorization memorandum which names specific command personnel authorized to sign the Purchase Requisition, CHP 43.**

Condition: The command did not prepare and retain a memorandum showing the individuals authorized to sign and approve purchase requisitions during the audit period. However, while the auditor was conducting audits field work, the commander proactively rectified this finding by issuing a memorandum authorizing specific command staff to sign purchase requisitions and provided a copy of this memorandum to the auditor.

Criteria: HPM 11.2, Materials Management Manual, Chapter 7, Purchases, paragraph 14.a.(5) states, "NOTE: All CHP Divisions and commands shall ensure that an updated memorandum is provided to PSU showing the typed name, title, and signature of those authorized to sign and approve the CHP 43 or the expenditure of Division equipment allocations."

Recommendation: The command should prepare and maintain a current memorandum designating specific command personnel authorized to sign purchase requisitions. This memorandum should be provided to PSU.

REIMBURSABLE SERVICE CONTRACTS

FINDING 1: **The command did not prepare the Incident Response Reimbursement Statements, CHP 735, and corresponding Daily Field Activity, CHP 415, forms properly.**

Condition: In all ten CHP 735 and accompanying CHP 415 forms tested, the CHP 415 documents did not list the billable hour information. Also, all ten CHP 415 documents did not record the defendant's name and court case information.

Criteria:

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.e., (1), (2), (a), (b), (c), 1, and 2 states, "Recording Total Staff Hours. Record the total number of staff hours involved in the incident response.

(1) Record staff hours to the nearest ten minutes. For example: one hour, thirty minutes = 1:30.

NOTE: Half-hour increments are recorded as :30 not :50.

(2) Record the number of staff involved in the incident response.

(a) When only one officer is involved, write his/her name and ID number under each respective category along with the appropriate hours.

(b) When more than one officer is involved, list each one by name and ID number next to the applicable activity, then record the hours for each activity. FormFlow will add all officer hours and total them in the Total Hours column. If the number of officers per activity exceeds the number of lines available, record the information under Traffic Control.

(c) The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record. Area offices must be able to verify the hours claimed on the CHP 735, Incident Response Reimbursement Statement, when offenders challenge the hours billed. If an Area office cannot substantiate the hours billed, the Department cannot recover incident costs. In order to reconcile the hours, please ensure the following information is included:

1 Offender's name and court case number shall be included on the CHP 415, Daily Field Record.

2 When time recorded under a specific category (e.g., Accident Investigation, Partner Assist, Response Time) on the CHP 415, Daily Field Record, includes more than one activity, indicate the billable DUI time in the Notes portion on the CHP 415, Daily Field Record."

Recommendation: The command should comply with the departmental policy for DUI cost recovery; specifically, by preparing the Incident Response Reimbursement Statements, CHP 735, and corresponding Daily Field Activity, CHP 415, forms properly.

FLEET OPERATIONS

FINDING 1: **The command did not always retain each quarter's physical inventory records for all parts, accessories, and fluids on hand.**

Condition: Although other inventory records of all parts, accessories, and fluids were available for review, the audit called for the auditing of the inventory records for 2008's first and second quarters. Only the 2008 second quarter inventory records of all parts, accessories, and fluids inventory was available for review. The 2008 first quarter inventory records were not retained; thus, not available for review.

Criteria: HPM 31.1, Chapter 7, Automotive Parts and Supplies, paragraph.4.a.(1), (2), and (3) states:

“4. INVENTORY.

a. Vehicle Parts.

(1) All vehicle parts and fluids shall be entered into the FleetFocus inventory database.

(2) Each quarter a person designated by the commander shall physically count all parts, accessories, and fluids on hand. The person taking the inventory shall be someone other than a person who receives or dispenses items of inventory.

(3) Inventory records shall be dated and signed or a memorandum prepared by the person taking the inventory. These records are to be retained for a period of six months after an audit by Audits and Evaluation Unit, or three years, whichever occurs first.”

Recommendation: Although one quarterly inventory record was available for review, the command should retain all inventory records in accordance with departmental policy.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

Memorandum

Date: May 22, 2009

To: Office of Inspections

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Inland Division

File No.: 801.10552.17085

Subject: 2008 COMMAND AUDIT RESPONSE

Attached is a memorandum from San Bernardino Area Commander, Captain E. Falat, outlining the response to the Area's formal inspection follow up, corrective action report for the Office of the Assistant Commissioner, Inspector General Audit conducted in December 2008. Inland Division has reviewed the memorandum and concurs with Captain Falat's assessment. Attached is a detailed report outlining the findings of the audit.


For J. P. TALBOTT, Chief

Attachments



ANNEX

B

M e m o r a n d u m

Date: May 18, 2009

To: Inland Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
San Bernardino Area

File No.: Execs.Insp.Chcorr

Subject: 2008 COMMAND AUDIT RESPONSE

Attached are the results of San Bernardino Area's Formal Inspection follow up, corrective action report for the Office of the Assistant Commissioners, Inspector General Audit conducted in December 2008.

CASH RECEIPTS

Finding #1 - The command did not replenish the petty cash fund monthly when receipts total more than \$10.00; or at a minimum quarterly.

Area agrees with this finding. Area has taken measures to ensure policy is followed. The OA responsible for petty cash has been made aware of policy, and the Office Supervisor will follow up on a monthly basis to ensure Area is compliant.

Finding #2 - The command did not perform surprise/unannounced audits of the petty cash fund.

Area disagrees with this finding. As stated in the Audit Report, Area did complete two quarterly audits of the petty cash. Both of these audits were conducted by the Area Commander and were not pre-announced prior to the audit. In the memorandum of the findings it does not state that it was a "surprise/unannounced" audit, however it was completed. Area will continue to complete the quarterly audits and add the "surprise/unannounced" wording in the memorandum to alleviate any confusion.

Finding #3 - Money orders were purchased after the weekly Cash Transmittal was prepared and approved.

Area agrees with this finding. There were several transmittals that were prepared according to policy; however, several were not, which created inconsistencies. Area has put procedures in place whereby the money order is purchased prior to submitting the transmittal for verification and signature. The Office Supervisor will ensure these procedures are implemented and all clerical staff is aware of the process.

CONTRACTS

Finding #1 – Command did not maintain the Drug Free Workplace Certification, STD. 21 and Payee Data Record, STD. 204, forms for the X-number contract files.

Area agrees with this finding. However, it should be noted that some of the contracts the auditor is referencing were maintained by Facilities Section and they were the entity that obtained the contract for the work completed. Therefore, Facilities Section would have been responsible for the STD. 21 and STD. 204. Area has since obtained a copy of all contracts relating to the Area office and will maintain copies at Area, as well as ensure compliance with policy when obtaining new X-number contracts.

2

Finding #2 – A non emergency contract was signed after the contract start date.

Area disagrees with this finding. Area believes the contract in question (7C86000) was contracted, maintained, and signed by Facilities Section. In the future, Area will ensure that at the very least, a copy of all contracts associated with the Area will be available on the premises.

3

EVIDENCE

Finding #1 – The court Officer did not provide the adjudicated court records to the command's evidence officer within two days.

Area disagrees with this finding. It is extremely rare that Area receives notification from the Courts of adjudicated cases. Area has to be proactive in obtaining this information and is working with the courts to attempt to develop a system of notification.

Recommendation – Per HPM 70.1, “Adjudication Records. Adjudicated records shall be forwarded to the Evidence Officer within two working days of receipt by the Court Officer.” (Perhaps the manual should be updated to a “reasonable” time). The manner in which this was interpreted by the auditor in Area was that the Court Officer receives a list of adjudicated cases on a daily basis and then brings them back to area to the Evidence Officer. In reality, the courts do not provide a list of adjudicated cases to Area. Area has to go on-line, or reserve time with the courts to research the cases, run corpuses on the cases, and find the current status. Once the status of a case is obtained, and it is found that the case has been adjudicated, that information is immediately given to the Evidence Officer, and/or oftentimes it is the Evidence Officer who is running the cases to obtain the information. This is a time consuming process that is currently being done on a weekly basis in Area. Once this is accomplished the Evidence Officer can then purge, destroy, or return the evidence or property being held and clear the case, depending on the time frames set by policy. The courts computer systems are currently backlogged, and Area's Evidence Officer and Court Officer are currently working together on developing a system to streamline this process.

4

Finding #2 – The command did not identify a storage facility located outside the Area office or evidence room or make other arrangements to store flammable or explosive evidence.

Area agrees with this finding. Area is currently researching the possibility of reconfiguring a section in one of the locked containers located on the premises to utilize in the event this type of storage is needed. Area does not currently have any items in evidence that meet these criteria and will make other arrangements until a storage facility on the premises is available. However, during this time of fiscal crises, it may prove to be quite costly. Once this task is complete, Area will update the Standard Operation Procedures with the appropriate information

PURCHASING

Finding #1 – The command did not maintain all of their purchase order files.

Area agrees with this finding. As stated in the audit, “Two of 10 command purchase order files were not available for review”. After a review, Area was able to locate all but one purchase order which is maintained in the Area files. Area is currently attempting to obtain a copy of file #860-H-7017.

Finding #2 – The command did not prepare or retain the authorization memorandum which names specific command personnel authorized to sign the Purchase Requisition, CHP 43.

Area disagrees with this finding. Area completed and provided the auditor with this document during their time in Area. Additionally, approximately one week later, this document was again requested by the auditor and was again provided to the auditor, via fax to Sacramento. Area currently has a CHP 43, (Authorization Memorandum) on file.

5

REIMBURSABLE SERVICE CONTRACTS

Finding #1 – The command is not preparing the Incident Response Reimbursement Statements, CHP 735 and corresponding Daily Field Activity, CHP 415, forms properly.

Area agrees with this finding. Sergeants and officers have been made aware of this requirement and the appropriate training has been provided. Area has also prepared a briefing item outlining the requirements for completing the CHP 415 and CHP 735's to ensure both documents are consistent with the time frames billed. Sample documents have been provided to all officers and supervisors for reference. The court officer is currently working with an adjoining Area to implement a program/checklist procedure to streamline this process and to ensure accuracy. Area will continue to monitor and complete spot inspections on the CHP 735'S to ensure compliance and accuracy.

FLEET OPERATIONS

Finding #1 – The command did not retain each quarter's physical inventory records for all parts, accessories, and fluids on hand.

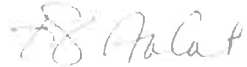
Area disagrees with this finding. Area files revealed copies of the third and fourth quarter audits for 2008, and are current with first quarter audit of 2009. As stated by the auditor, the second quarter audit was available; however, first quarter was not. Area will continue to conduct quarterly audit as required by policy and ensure copies are maintained on file for review.

6

An overall recommendation for the auditors when preparing the Command Audit Report would be to cite the actual purchase orders or X-number contracts where discrepancies were found on the Audit Report. This would assist in accurately responding to the findings instead of speculating on which contract or X-number the auditor is referencing. The daily e-mails and meetings with the auditors proved to be both beneficial. It also assisted with the immediate implementation of corrective procedures and training with the numerous processes audited.

7

Any questions or concerns regarding this report may be directed to me or Lieutenant Denise Hasan at (909) 383-4247.



E. L. FALAT, Captain
Commander

cc: Attachment

ANNEX

C

COMMENTS

To provide clarity and perspective, the numbers in the margin below correspond to the numbers placed in the San Bernardino Area's response.

During the audit and before receiving San Bernardino Area's response, the command did not mention it had performed surprise/unannounced audits of the petty cash fund. Also, during the audit, the command did not provide any evidence that these surprise/unannounced audits of the petty cash fund occurred. Therefore, the finding stands.

1

The X-number contract files audited were listed on the command's X Number Log, CHP 78B, which were originated by the command and whose invoices were also approved by the command. The X-number contract files reviewed for this audit originated from the San Bernardino Area, and not the Facilities Section. Therefore, the finding stands.

2

Based on further review, this audit finding has been removed.

3

At the time of the audit, the evidence officer indicated that the court officer did not provide any information regarding adjudicated court records. However, when the evidence officer had time, adjudicated court record information was obtained. It appears to the auditor that the court officer did not provide information to the evidence officer. Additionally, during the audit and in the command's response, this fact is not disputed. Therefore, the finding stands.

4

Prior to the audit, this command did not possess a "memorandum showing the individuals authorized to sign and approve purchase requisitions." Additionally, it is noted in the report, "the commander proactively rectified this finding by issuing a memorandum authorizing specific command staff to sign purchase requisitions and provided a copy of this memorandum to the auditor." Though proactive action was taken to address this audit finding while audit field work was conducted, this action does not remove the finding, since during the audit period, the command was not in compliance. Therefore, the finding stands.

5

The underlining issue was "2008 first quarter inventory records were not retained; thus, not available for review." During the audit and in the command's response, this fact is not disputed. Therefore, the finding stands.

6

The Office of Inspections thanks the command for their feedback regarding its reporting. The recommendation will be evaluated.

7